

Wilson v. Northwest Airlines Corporation

While the Commission was investigating the charge of Patricia A. Wilson against Northwest, the airline filed for Bankruptcy in the United States Bankruptcy Court for the Southern District of New York. Shortly thereafter, the Commission denied the request of Northwest to stay the proceedings before the Commission during the pendency of the bankruptcy, claiming that its investigation was an exercise of the police power of a governmental unit, and therefore, outside the scope of the automatic stay of proceedings usually applicable with the filing of a bankruptcy petition. Northwest filed a Motion in the Bankruptcy Court seeking an Order pursuant to Section 362 of Title 11 of the United States Code (the "Bankruptcy Code") enforcing the automatic stay against the Commission. The Commission objected to this Motion and, after oral argument, the Bankruptcy Court Judge upheld the Commission, entering an Order holding that the automatic stay did not apply to investigatory proceedings before the Commission. This case was the first appearance by the Commission before a Bankruptcy Court as well as the first before a court outside the State of Rhode Island.